



CITY OF DURHAM, NORTH CAROLINA BUDGET FISCAL YEAR 2012 - 2013



Durham – Where Great Things Happen



City Vision Statement

Durham is the leading city in providing an excellent and sustainable quality of life.

City Mission Statement

To provide quality services to make Durham a great place to live, work and play.

Council Goals

- Strong and Diverse Economy
- Safe and Secure Community
- Thriving Livable Neighborhoods
- Well Managed City
- Stewardship of City's Physical Assets

About the Cover

The cover depicts activities that support the Culture of Service organizational renewal and employee engagement undertaking. City of Durham employees have the opportunity every day to make a difference. It may be a big difference or a small difference, but the opportunity is there. Most public service employees choose to work in local government because they want to make a difference in the community and in the lives of others. In fact, many feel a "calling to serve." The Culture of Service seeks to engage employees' discretionary efforts in three areas: Service to Self, Service to Coworkers and Service to Community. One aspect of Service to Self is continuous learning so that employees are confident and prepared for ongoing improvements. Service to Coworkers emphasizes cooperation and collaboration. The STARs employee recognition program highlights peer and resident recognition of excellence among employees. Service to Community encompasses not only quality in regular duties but also volunteer efforts in the community. This past year volunteers dedicated more than 1,000 hours of service toward building a home with Habitat for Humanity and numerous hours assisting children, schools and non-profit organizations in the community.



MAYOR

William V. "Bill" Bell

CITY COUNCIL

Eugene A. Brown

Diane Catotti

Howard Clement, III

Cora M. Cole-McFadden

Steve Schewel

Michael Woodard

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Durham – Where Great Things Happen

The Government Finance Officers association of the United States and Canada (GFOA) presented an award for Distinguished Presentation to the City of Durham for its annual budget for the fiscal year beginning July 1, 2011.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The award is valid for a period of one year only. We believe our proposed budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Durham
North Carolina**

For the Fiscal Year Beginning

July 1, 2011

Linda C. Davidson *Jeffrey R. Egan*

President

Executive Director

CITY OF DURHAM ORGANIZATIONAL CHART

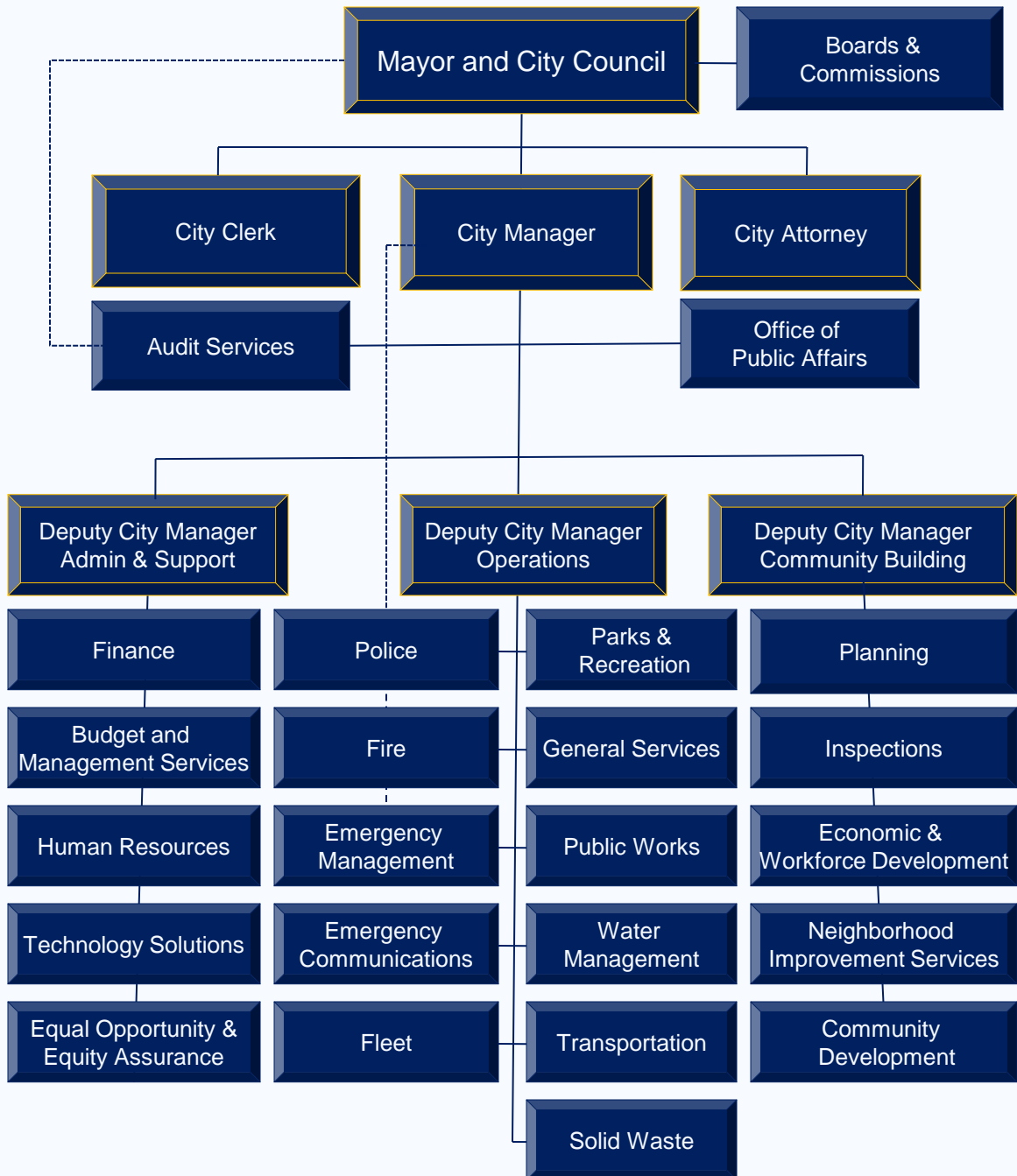




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This section (XII) will be available in the final budget document.

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INTRODUCTION

The budget document is the annual financial plan for City operations for the period covering one fiscal year, July 1 - June 30. This plan describes sources of revenues and how funds will be spent during the year.



The Annual Budget has four basic functions. First, it expresses the policy of the City Council. Through the budget, the City Council exercises its authority to increase services in some areas of City operations and

decrease them in others. As a part of the budget review process, the City Council determines the tax rate for each fiscal year. Other fees, such as water and sewer rates, tipping fees, parking rates and cemeteries fees, may be reviewed and adjusted if necessary. At that time, the Council also makes appropriate salary modifications.

Secondly, the budget process is a management and planning tool. The budget and subsequent accounting reports allow managers to isolate potential problems and ensure that City resources are used effectively and efficiently. The process of preparing the budget provides the opportunity for managers to evaluate their operations and to formulate goals and objectives for the upcoming year. The budget system also provides a means of monitoring progress toward those goals throughout the year.

Thirdly, the Annual Budget is a means of communicating to the citizens of Durham and others how public funds are spent. The budget is a tangible expression of the City Council's policy direction. To citizens, the budget is a symbol of the policy of the City Council and the actions of the City Administration.

Finally, the budget is the foundation for the proper accounting of City funds. It expresses in financial terms the goals and plans of the City Council.

The types and amounts of authorized expenditures and the means for financing them are set forth in the budget. Once the budget is recorded in the accounting system, it serves as a control device to keep spending within authorized limits.

BUDGET DOCUMENT ORGANIZATION

The **Letter of Transmittal** is the first and most important section of the budget document. The Letter of Transmittal is the City Manager's proposed plan for service for the coming fiscal year. Also included in the letter are some of the operational issues that the administration has faced in the current fiscal year. In addition, the Manager outlines the financial plan for the following fiscal year.

Another indication of the City's plan for service is expressed in the **City Priorities and Policies** section. This section contains the performance indicators that measure the City's success in achieving the community's goals as well as strategies that departments will employ for the upcoming fiscal year.

The actions that a city takes in one year may affect its ability to fund other initiatives in future years. The **Multi-Year Fund Projections** section includes five-year projections for the General Fund and the Enterprise Funds.

The next two sections, **Budget Summaries** and **Fund Summaries**, show the actual amount spent in each of the funds in the prior fiscal year, the budget for the current year, an estimate of revenues received and expenditures made at June 30, and the new budget as adopted by the City Council. The Budget Summaries look broadly at revenues and expenditures on a fund level. The sections are provided to give the reader an overview of the adopted budget. Although the budget ordinance represents the official adopted ordinance, the total revenues and appropriations in terms of actual dollars is net of intrabudget transactions. This prevents counting the transfer amounts twice, once in the receiving fund and once in the sending fund.

The Fund Summaries look more specifically at revenues and expenditures by appropriation categories and revenue categories.

The next five sections show budgetary, performance and operational information by functional category: Governance, Administrative and Support, Community Building, Public Safety and Public Services. Each department describes its mission statement, overall performance and context indicators and service changes requested for the proposed budget. A budget summary is provided on appropriation and program revenue information by departments for the previous year (actual), the current year (budgeted and estimated) and the new budget year (adopted).

The **Debt Management** section is provided to give the reader an overview of the city's debt service obligations, both for the following fiscal year and in the future. The section also provides information on the City's legal debt limit and the City's overlapping debt (County debt borne by City taxpayers).

The **Capital and Grant Project Information** section of the budget describes the capital projects that have been approved as part of the Capital Improvements Program (CIP). The CIP is the companion document to the budget and outlines the plan of capital improvements over a six-year cycle. In order to be included in the CIP, a project must require the expenditure of at least \$100,000 in any one of the six years. Projects associated with normal scheduled maintenance activities are not included in the CIP.

Supplemental Information provides information on the Budget Ordinance and the Financial Plan that the City Council adopts in June. Also, information on the City of Durham and a glossary are provided in this section.

ADHERENCE TO STATE STATUTES

The General Statutes of North Carolina require that the City adopt an annual balanced budget. The annual budget is prepared using the modified accrual basis of accounting. This basis of accounting recognizes revenues either when they are received in cash (such as licenses or fines) or when the collection of the amount can be reasonably estimated to be received in the near future (such as property taxes). Expenditures in a modified accrual system are generally recognized

in the period in which goods or services are received or when a liability is incurred.

The General Fund has an officially adopted annual budget. The appropriations in the budget ordinance for the various operating funds are on a functional basis. Although General Statutes and generally accepted accounting principles do not require an annual balanced budget for the remaining funds, they do have legally adopted balanced budgets.

The adopted Budget Ordinance includes the budget for the General Fund, the Enterprise Funds and the Fiduciary Funds. The Special Revenue Funds are comprised of grant funds that are included in grant project ordinances. State Statutes give local governments the option of either including grant funds in the operating funds or approving grants through grant project ordinances. Financial plans for each of the City's internal service funds are adopted by the City Council in a separate document that conforms to State Statutes.



The General Statutes also require balanced project ordinances for the life of projects, including both capital and grant activities, which are expected to extend beyond the end of the fiscal year. The descriptions of capital projects included in the budget document are also provided in order to conform to State Statutes that require the inclusion of this information.